

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2045 - HB 1940

February 25, 2014

SUMMARY OF BILL: Expands the provisions governing the Tennessee Excellence, Accountability and Management (TEAM) Act to specify that any activity or circumstance that results in a loss of money for an employee could be appealed to the Board of Appeal. Authorizes the parties involved in a Step I appeal to make an audio tape recording of the proceeding. Requires the State to secure an open position within state government for an employee affected by a reduction in force.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$265,500

Assumptions:

- According to the Department of Human Resources (DOHR), there are 32,923 employees in preferred service. Currently, appeals are limited to preferred service employees who are dismissed, demoted, or suspended. With these limitations, there were approximately 160 matters filed at Step II which represents 13.04 percent of the 1,227 total disciplinary actions taken since January 2013.
- DOHR assumes the legislation would allow eligible employees to appeal their performance evaluation score, which will eventually be linked to pay raises, and the Department will see a high number of increased appeals.
- If the same percentage of employees (13.04 percent) filed appeals on performance rating scores, the number of cases seen each year would increase by more than three and one-half times to almost 600 per year.
- In 2013, six and one-half percent of employees who had an eligible disciplinary action filed a Step III appeal. If the same percentage of employees filed Step III appeals under this legislation, the number of appeals would increase to almost 300 per year.
- Allowing additional undefined matters to continue through the appeals process will require additional resources.
- DOHR would require two additional attorneys and one additional administrative staff person to handle the increased workload. The recurring increase in cost for the two attorneys is \$196,672 [(\$75,000 salary + \$23,336 benefits and insurance) x 2 positions]. The recurring cost for the administrative staff person is \$61,532 (\$45,000 salary + \$16,532 benefits and insurance).

- The increased number of appeals would also require the Board of Appeals to double the number of meetings to comply with the strict 120-day deadline. In FY12-13, the Board spent \$7,276 in travel expenses. DOHR estimates the same amount would be necessary to cover the additional travel.
- Total recurring increase in expenditures is \$265,480 (\$196,672 + \$61,532 + \$7,276).
- Requiring the State to secure an open position within state government for an employee affected by a reduction in force can be accommodated within existing resources.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', is positioned above the printed name.

Lucian D. Geise, Executive Director

/lsc